



African Cotton & Textile Industries Federation (ACTIF)

Grant Report for the period ended 30th June 2011

Program Name: To promote trade in African cotton, textiles and apparel (CTA), expand market access regionally & internationally under the **Africa Growth & Opportunity Act (AGOA)** and **European Partnership Agreements (EPA)**. Further to develop sustainability of ACTIF for its continuity to assist in the development of the CTA sectors in Africa and to assist in the development of competitiveness and trade.

Standard Grant Agreement Number: ACT-STA-011-020

Program Dates: 1st Jan 2011 - October, 2011

Reporting period: 1st April 2011 - June, 2011

Beneficiary's Name: African Cotton & Textile Industries Federation (ACTIF)

Program Amount: USD \$ 274,000

Person Reporting: Rajeev Arora
Executive Director

Date of Report: 30th June 2011

1. Program Background

The African Cotton & Textile Industries Federation (ACTIF) was formed to promote trade and increase market access for the cotton, textile and apparel industry in Africa. This Mission is informed by its Vision which is, “an integrated cotton textile and apparel industry that effectively competes on the world market.”


The goal of ACTIF is increased trade in African cotton, textiles and apparel. This goal will be realized through the attainment of the organization’s strategic objectives which are:


- i. To promote trade in African cotton, textiles and apparel;
- ii. To expand market access;
- iii. To establish a market information system;
- iv. To promote the development of policies that are supportive to trade;
- v. To provide an institutional framework for the development of the cotton, textile and apparel industry in Africa; and
- vi. To enhance private sector involvement in regional policy formulation and implementation.


2. Objectives of the Grant

The primary objective of this grant application is to implement a set of activities in line with COMPETE’s objectives & ACTIF’s strategic & operating plan, which proposes a focus on: Strengthening market linkages through collection, synthesis and dissemination of information and provision of business-to-business platforms necessary to forge market linkages across the sector to develop Trade regionally & internationally (under AGOA and EPAs); Driving productivity / quality improvements through provision of capacity building trainings to the ginning, textile and apparel segments of the CTA value chain for enhancing competitiveness; Also to provide training to enhance risk-management in the sectors and represent private sector perspectives on trade policies at the regional and international levels.

3. Benchmark Assessments and Levels of Achievements - (a synopsis)

Activity/Tasks	Targets	Level of Achievement
<p>CDE Supply Side Analysis - Kick Off Meeting</p> 	<p>April 2011</p>	<p>A meeting held to launch the study on April 29, 2011 at Laico Regency Hotel in Nairobi, Kenya was told that the results of the study would provide a base for encouraging optimum use of existing R&D and training facilities within the region and gauging the status and potential for each country to explore niche segments in the EU market through Fair-trade and bio (organic) cotton or equitable cotton production.</p> <p>Present at the meeting were Mr. Rooben Mooteeveeren, Program Manager, CDE, Mr. Jaswinder Bedi, Chairman, ACTIF, Mr. Rajeev Arora, ED ACTIF, Mr. Prashant Agarwal, Jt. Managing Director, Wazir Advisors (the external consultants of INTERTEK) and Dr. Isabella Wandaka, Head of Textile Department at Kenyatta University, among others.</p> <p>The information is expected to offer vital input for ACTIF and its members for enhancing the sector's competitiveness as well as formulating the necessary strategies for increasing CTA sector exports into the EU market.</p>
<p>CTA Magazine Update</p>	<p>April 2011</p>	<p>An Editorial board led by ED Rajeev Arora has been meeting to prepare for the launch of a regional magazine that will be produced on a quarterly basis.</p> <p>Key contributions have already been received from International Textile Manufacturing Federation (ITMF), International Cotton Advisory Council (ICAC) & International Trade Center (ITC) among others.</p> <p>The magazine is in the final stages of editorial review.</p>
<p>Advocacy Mission in US on AGOA for extension 3rd Country Fabric provision</p>	<p>May 2011</p>	<p>Following the success of the initial phase of the Advocacy project in 2010, ACTIF successfully</p>

<p>and future sustainability of AGOA</p> 		<p>secured the support of Trade Mark East Africa to conduct a second phase of advocacy activities in US as strongly recommended by our consultant in order to sustain the efforts before a bill is presented in US senate and congress by mid 2011.</p> <p>ACTIF's second advocacy mission to US, that was led by Mr. Jaswinder Bedi, ACTIF Chairman and Mr. Rajeev Arora, ACTIF ED, proved to be very successful as the call for extension for the 3rd country fabric provision from the initial expiry of September 2012 to September 2015, the expiry date of the overall AGOA provision for SSA, was widely supported by key US Government officials and key members of the US congress and senate. The issue of the future extension of AGOA beyond 2015 also received significant support with a call for extension of the overall authorization of AGOA to 2025.</p>
<p>Training of Trainers event – 24th – 26th May 2011, Nairobi Kenya</p>	<p>May 2011</p>	<p>Between 24th and 26th May 2011, Nairobi, Kenya played host to an intensive training of trainers event aimed at boosting the competitiveness of East African Textile Industry.</p> <p>The workshop was part of a project titled “Enhancing the Textile Industry Value Chain in East Africa”, which received the technical and financial support of PRO€INVEST. The workshop contributed to the PRO€INVEST objective of strengthening the capacity of the African Cotton and Textiles Industries Federation (ACTIF) and selected intermediary organizations (IOs) from the textile industry in the East African region.</p> <p>Among the key lessons from the training included institutional capacity business facilitation, investment promotion, market development, regional integration, and dissemination of best practices and management policy. The training was also very interactive and informative with the participants expressing their appreciation for the experience.</p>
<p>CTA Conference Update</p>	<p>May and June 2011</p>	<p>A committee comprising of representatives from ACTIF, Kenya Associations of Manufacturers KAM,</p>

		<p>Kenya Apparel Manufacturers & Exporters Association (KAMEA) & Kenyatta University has held two meetings in the months of May and June in preparation for the International CTA conference planned for 1st – 4th Nov 2011 in Mombasa.</p> <p>Among the key steps made to date include: Development of a conference website; development of a detailed programme, development of a conference concept.</p>
AGOA Forum in Zambia	June 2011	<p>Following support received from USAID COMPETE and Trade Mark East Africa (TMEA), ACTIF Board members actively participated in the AGOA forum held in Zambia. ACTIF secured a booth at the conference and also distributed petitions on behalf of its members to key delegates from the US government who were in attendance at the forum.</p> <p>Some of the key participants promised to support ACTIFs call for the extension of 3rd Country fabric and also indicated their support towards the future sustainability of AGOA.</p>
ACTIF Board Meeting in Zambia	June 2011	<p>ACTIF held its second board during the AGOA forum in Zambia on 7th June 2011. During the meeting, several key issues were discussed touching on the current & future activities of ACTIF as well as the issue of sustainability measurers aimed at establishing revenue streams for ACTIF.</p>
<p>Cotton Price Risk Training in Mombasa</p>  <p>WORLD BANK COTTON PRICE RISK MANAGEMENT TRAINING 6th - 9th JUNE 2011 @ WHITESANDS HOTEL MOMBASA KENYA.</p>	June 2011	<p>A total of 54 participants from a number of African cotton producing countries including Kenya, Malawi, Mozambique, Sudan, Tanzania, Uganda, Zambia and Zimbabwe, attended the three-day intensive price risk management training to the East African cotton sector on 6th – 9th June 2011 in Mombasa, Kenya.</p> <p>The training program brought together representatives of farmer organizations, cotton cooperatives, cotton exporters, and other cotton sector stakeholders from across East Africa.</p>

		<p>The course came in very handy especially in the face of the recent volatility in world cotton prices which highlighted the need for Price risk management strategies that for the benefit of those involved in the cotton trade. Among the key lessons from the conference was that price risk management tools are very important to those involved in the cotton trade. However, what is more important is how and when they are used. If they are used at the wrong time and in the wrong way, they could as well work to the disadvantage of the cotton trader.</p>
Pan African Cotton Meeting in Benin	June 2011	<p>The Pan-African Cotton Meeting 2011 was a high level multi-stakeholder conference that took place at the <i>Centre International de Conférences</i>, in Cotonou, Benin from the 27 to 29 June 2011. The meeting was initiated by the United Nations Conference for Trade and Development (UNCTAD), the Common Fund for Commodities (CFC), the Secretariat of the African, Caribbean and Pacific Group of States (ACP) and the <i>Comité d'orientation et de suivi-coton (COS-coton)</i> of the EU-Africa Partnership on cotton.</p> <p>It was implemented in collaboration with the Comprehensive Africa Agriculture Development Programme (CAADP) of the NEPAD Agency, African Cotton & Textile Industries Federation (ACTIF) and the Government of Benin.</p> <p>ACTIF was able to secure 2 key support from the Center for the Development of Enterprise worth 29,300 Euro to facilitate ACTIF members to participate in the high level meeting.</p> <p>ACTIF was also able to secure 2 key slots in the programme to deliver presentations at the forum on <i>'The role of the cotton sector in the socio-economic development of Africa'</i> by Mr. Jaswinder Bedi, ACTIF Chairman & <i>'key constraints facing the private sector in moving up the value chain'</i> by Mr. Rajeev Arora, ED</p>

1. CDE Supply Side Analysis - Kick Off Meeting



The first ever regional cotton, textile and apparel sectors supply side analysis kicked off in four countries in the Eastern African region, namely Kenya, Uganda, Tanzania and Ethiopia.

The € 80,000 study is being conducted by ACTIF with the support of the Center for Development of Enterprise (CDE).

The results of the study are expected to provide a crucial source of information for buyer/seller matchmaking to grow exports and encourage regional integration. It will also help in the monitoring of export and employment trends, identifying regional strengths and weaknesses as well as gaps in institutional structures and communication channels.

A meeting held to launch the study on April 29, 2011 at Laico Regency Hotel in Nairobi, Kenya was told that the results of the study would provide a base for encouraging optimum use of existing R&D and training facilities within the region and gauging the status and potential for each country to explore niche segments in the EU market through Fair-trade and bio (organic) cotton or equitable cotton production.

“The primary objective of this study is to profile the cotton, textile and apparel sectors of the Eastern Africa region,” said ACTIF Executive Director, Mr. Rajeev Arora at the meeting.

Others present at the meeting were Mr. Rooben Mooteeveeren, Program Manager, CDE, Mr. Jaswinder Bedi, Chairman, ACTIF, Mr. Prashant Agarwal, Jt. Managing Director, Wazir Advisors (the external consultants of INTERTEK) and Dr. Isabella Wandaka, Head of Textile Department at Kenyatta University, among others.

Earlier, ACTIF announced the appointment of Intertek Mauritius as the lead consulting firm to conduct the study. Intertek Mauritius emerged the winner after going through a lengthy and competitive bidding process conducted by ACTIF along the guidelines of CDE. The contract between the two organisations was officially signed on March 18, 2011 in Mauritius during the Origin Africa Trade show event.

Speaking after the signing ceremony, the Regional Director of Intertek CG Africa & Middle East, Mr. Amrut Desai, stated that Intertek was proud to be associated with ACTIF in carrying out the supply side analysis and underlined Intertek’s commitment to deliver on the contracted services.

Intertek will be working with their external consultants, Wazir Advisors, a management consulting firm based out of India that advises clients globally on business strategies, mergers and acquisitions, joint ventures, funding and investments. They are expected to complete the study within four months

Among the differentiators offered by Intertek Mauritius is its commitment to provide additional value by delivering strategic inputs from a fact based analysis in addition to presenting the current industry analysis.

The information is expected to offer vital input for ACTIF and its members for enhancing the sector's competitiveness as well as formulating the necessary strategies for increasing CTA sector exports into the EU market. Currently the Eastern Africa region's share of CTA exports into the EU market is negligible against a total share of over 75 billion Euros.

ACTIF has also submitted proposals to CDE and other funding partners with the intention of conducting similar studies in all its member countries across the continent.

2. CTA Magazine Update

African Cotton and Textile Industries Federation (ACTIF), plans to launch an authoritative trade and policy magazine with the inaugural edition expected off the press in July 2011.

Cotton Africa, the first publication of its kind on the continent, will act as the meeting point for all stakeholders across the Cotton, Textile & Apparel value chain; providing a platform for sharing ideas and information about opportunities available in the CTA sector.

The magazine will cover a broad range of trade, policy, technology and environmental issues from farm to fashion.

ACTIF is committed to making Cotton Africa one of the most important tools to promote CTA investment in Africa and influence national governments to support compatible policy formulation for investments and technological up gradation. It is hoped that members will find this a useful avenue to share statistics on growth, production, potential as well as for benchmarking Africa with other markets.

A central theme of ACTIF which Cotton Africa is also expected to promote is the enhancement of linkages among local and international CTA stakeholders and promotion of Origin Africa, an initiative designed to market African fiber to fashion and Brand Africa as a destination to source end products.

ACTIF believes the magazine will help develop policy among its 20 member countries and open up new markets within Africa and the rest of the world through the contribution of its members and other stakeholders.

Expert opinions from regional and international CTA specialists will be featured in the magazine as will profiles of leading figures in the African and international CTA sector.

The magazine primarily target national apex organization of farmers, ginners, textile and apparel manufacturers, fashion designers and traders across the CTA value chain, suppliers, ACTIF national associations across Africa, policy and decision makers, national and international trade bodies, donors and national and international media.

The magazine will be distributed free in both electronic and print format to all ACTIF members, the international audience and other players across the CTA value chain in order to ensure extensive coverage and readership.

3. Advocacy Mission in US on AGOA

The Africa Investment Incentive Act of 2006 (signed by President Bush on December 20, 2006), has been Africa's greatest success story has been the blossoming of African exports of apparel to the United States, made possible by The African Growth and Opportunity Act (AGOA). Subsequent modifications in 2006 helped maintained the critical mass in the apparel industry, and encouraged some vertical integration, which is essential to the long-term competitiveness of the African fiber-textile-apparel value chain in the post-MFA environment. AGOA significantly enhanced and liberalized US market access for Sub-Saharan African countries; it offers tangible incentives for Sub-Saharan African countries to continue their efforts to open their economies and build free markets. However some of the provision of the act that made it so successful are either about to come to an end or in the process of being diluted through other legislations. As stated above the third country provision is stated to end by 2012, that is 1 year and 6 months from now and the industry can't wait until then to advocate for the extension.

The biggest challenge for the Sub-Saharan African (SSA) apparel and textile industry was post WTO-Multi-Fiber Agreement (MFA). As the quotas were removed on the apparels from established and subsidized markets, which have similar or lower wages in most of the African countries, the competitiveness of SAA diminished by over 22%. The initial impact of this was that many of the garments industries, which had moved to Sub-Saharan Africa due to the AGOA and DFQF, opted to move back or to better markets providing higher production and subsidy for development of the textiles and garments sector.

Over the last 4 years, the textiles and garment industries in SSA have been trying hard to survive. The exciting growth rate has diminished in terms of export to US markets, as shown in the table below:

**Imports from Various Regions
Before and After the End of the MFA – 2004 vs. 2008**

Region	2000 msme	2004 msme	2008 msme	% Growth 2000-2008	% Growth 2004-2008
World	16,035.35	19,951.00	22,694.22	41.50%	13.80%
China	929.159	2,972.52	7,788.50	738.20%	162.00%
Vietnam	29.991	777.055	1,527.71	4993.90%	96.60%
Bangladesh	966.612	941.685	1,436.25	48.60%	52.50%
Cambodia	253.682	634.683	888.651	250.30%	40.00%
India	399.232	609.338	882.856	121.10%	39.10%
ASEAN Region	NA	3,468.49	4,681.21	NA	35.00%
CAFTA	3,376.67	3,790.83	3,379.44	1.20%	-10.90%
Sub Saharan Africa	164.161	440.3	305.964	86.40%	-30.50%
Andean Region	159.199	252.745	157.583	-1.00%	-37.70%

The second biggest challenge, if enacted, would put the last nail in the coffin for the textile and garment industry in Sub-Saharan Africa, and that is if the Duty Free Quarter Free (DFQF) provision is given to Asian LDCs to the USA market. These Asian countries have had a developed and integrated industry and sector over the last several decades; the countries have been given subsidies to develop the exports under that sector. No provision/mechanism for safeguard can be provided to ensure one level playing field, especially to low wage and much larger suppliers like Bangladesh, Vietnam, Cambodia, etc.

To mitigate against the losses that may occur if the USA congress enacted the bill DFQF ACTIF secured the support of Business Advocacy Fund (BAF) for an initial phase advocacy activities. This involved engaging the services of a leading US law firm based in Washington, compiling of AGOA impact reports for selected subs Saharan African countries and selected Asian LDCs as well an advocacy trip to Washington by the Chairman and Executive Director of ACTIF to engage key officials of the US government, US civil society and other trade representatives where a common white paper was presented and discussed on behalf of all the ACTIF members.

Following the success of the initial phase of the advocacy project in 2010, ACTIF successfully secured the support of Trade Mark East Africa to conduct a second phase of advocacy in US as strongly recommended by our consultant in order to sustain the efforts before a bill is presented in US senate and congress by mid 2011.

ACTIF's second advocacy mission to US proved to be very successful as the call for extension for the 3rd country fabric provision from the initial expiry of September 2012 to September 2015, the expiry date of the overall AGOA provision for SSA, was widely supported by key US Government officials and key members of the US congress and senate. The issue of the future extension of AGOA beyond 2015 also received significant support with a call for extension of the overall authorization of AGOA to 2025.

4. Training of Trainers event, Nairobi, Kenya

Between 24th and 26th May 2011, Nairobi, Kenya played host to an intensive training of trainers event aimed at boosting the competitiveness of East African Textile Industry.

The workshop was part of a project titled “Enhancing the Textile Industry Value Chain in East Africa”, which received the technical and financial support of PRO€INVEST. The workshop contributed to the PRO€INVEST objective of strengthening the capacity of the African Cotton and Textiles Industries Federation (ACTIF) and selected intermediary organizations (IOs) from the textile industry in the East African region.

PRO€INVEST is a programme of the Group of ACP States and the European Commission for the promotion of investments to the ACP countries, and operates through the strengthening of ACP private sector intermediary and regional organisations. Its management has been entrusted to an autonomous unit within the Centre for the Development of Enterprise (CDE) under the supervision of the EuropeAid Co-operation Office of the European Commission.

The training programme targeted ACTIF members and National APEX Textile IOs and the course components comprised training of trainers, factory evaluation and performance audit and method engineering and productivity improvement. The participants also included members from the academia. The objective of the training workshop was to improve productivity, enhance quality and the marketability of products. It also aimed at integrating ACTIF members into the activities of the EU-funded Regional Textile Project.

Among the key lessons from the training included institutional capacity business facilitation, investment promotion, market development, regional integration, and dissemination of best practices and management policy. The training was also very interactive and informative with the participants expressing their appreciation for the experience. Below is a sample of the feedback:

Dr. Isabella Wandaka and Ms Jacqueline Kisato of Kenyatta University:

‘It was particularly of interest to know that the private sector is keen on synergizing with institutions of higher learning to establish a better and profitable platform for the textile industry. Of keen interest to our department and scholarly work was the need to make our research findings practical and applicable in improving the Textile and Apparel sector. The workshop aptly addressed these areas through discussions in ergonomics, supply chain, costing, and work study, among other very informative topics. It also created a good networking platform for organizations in the textile industry, to exchange ideas and contacts, as well as understanding the best practices in the Textile industry around the world.’

‘An overlooked area in this industry, is understanding finance and interpreting what particular readings infer about the profitability of an enterprise. The training attempted to address this area, but we were made to understand the time constraints were prohibitive for in depth

exploration. This is especially challenging to many entrepreneurs in the Small and Medium Enterprises (SMEs) who might have limited financial capability. Considering that this area is salient to any business, we would propose a thorough review and training, with key emphasis on interpreting financial accounting in future workshops. Kenya's textile and apparel industry has a great potential that is still latent. Stakeholders from different sectors need to share their experiences and forge a way forward that will strengthen the Textile & Garment Supply chain in Kenya and the East African region as a whole.'

Prof. Wambua, Moi University:

The trainers and facilitators should be commended for the selection of training topics. The training of trainer's session was particularly an eye opener. More often than not many trainers assume that a certain training technique works well with all trainees, but this is not the case. The topic on effective communication drew our attention to the normally practiced non-effective communication methods and how to improve on our communication. The training was well balanced and enriched with many other topics such as ergonomics, plant layout and marketing. The time allocated was however not enough. I would have allocated five days for the training programme. Finally, I would propose a follow up training in the near future to consolidate what the participants learnt in this timely workshop.

Ms. Rachel Mutindi, K2 Fashion LTD:

I just wanted to express my gratitude for the opportunity to be part of the selected people to participate in the Quality management workshop. I indeed learnt a great deal and managed to make good contacts.

The workshop was highly informative and conducted in such a practical way that the information remains embedded in your head.

Mr. Charles Obulo, Dye Crafts Ltd:

I wish to appreciate the facilitator for his good approach .The teaching aimed largely on textile firms which are mostly foreign owned. It was also dwelling much on how to make profit from textile manufacturing through a sound financial management policies.

I would propose that in order for the local cotton textile stakeholders to also benefit from the TOT training , learning institutions TOT be given the necessary support to educate hand weavers, spinners, fashion entrepreneurs & researchers on best quality cotton fibres , value addition chain and modern techniques.

5. Update on CTA Conference to be held in Mombasa

An international conference to discuss the challenges faced by the Cotton, Textile and Apparel sectors in Africa is to be held in Mombasa, Kenya later this year.

In a statement, African Cotton & textile Industries Federation (ACTIF), which is organizing the conference alongside Kenyatta University and the Kenya Association of Manufacturers (KAM), Kenya Apparel Manufacturers and Exporters association (KAMEA) and other stakeholders, announced that the conference, to be held between November 1 and 4 will also explore opportunities for trade, capacity building and investment.

The meeting is expected to bring together stakeholders in Cotton, Textile & Apparel sectors from Africa, India and other continents, to share experiences and benchmark Africa's competitiveness to the rest of the World. Participants will assess the existing policies related to trade in Cotton, Textile & Apparel as well as institutional gaps in skills development and enhancement in Africa vis-a-vis international standards.

Other areas that are expected to dominate debate are the Multi Fiber Arrangement (MFA), the African Growth and Opportunity Act (AGOA), European Partnership Agreements (EPA) and other trade provisions that impact the Cotton, Textile & Apparel sectors.

According to the organizers, the conference has been structured around three thematic areas: The first theme, Cotton Production & Ginning, with a sub theme of 'Developing the Cotton sector in Africa', targets cotton farmer cooperatives, ginning associations, cotton development bodies; research institutions & Universities. The second theme shall focus on Textiles, Apparel & Fashion Design with a sub theme of 'Enhancing quality, production and designs to promote Trade in the Textiles, Apparel & Fashion Design sectors. The target group here includes textile and apparel Associations; fashion institutions; universities and vocational training institutions; and major retail stores. The third theme is on support institutions with a sub theme of 'to build competitiveness and brand Africa'. This theme targets banks, development partners, government institutions, accrediting agencies and trade hubs

The conference is expected to come up with a competitive assessment of African Cotton, Textile & Apparel sectors and a strategic paper outlining the existing gaps in Africa's Cotton, Textile & Apparel sectors in relation to the global standards. Organizers hope this can help in developing linkages for promoting trade and investment in Cotton, Textile & Apparel sectors in Africa and in identifying areas of collaboration between African Educational institutions and related International institutions for capacity building programs.

More Information can be found at: www.enabling-env.com/actif

6. AGOA Forum in Zambia

The United States Sub-Saharan African Trade Economic Cooperation Conference, commonly known as the African Growth and Opportunity Act (AGOA) Forum is provided for under the AGOA legislation to allow Government leaders, business and civil society participants to meet and deliberate on an annual basis on matters of interest to the USA and Sub-Saharan Africa. Since enactment of the legislation in 2000, the United States has hosted the Forum five (5) times, Mauritius, Senegal, Ghana and Kenya have also hosted the Forum on the continent. In June 2011, Zambia will be the first country to host the Forum in the Southern African region.

The AGOA Forum is the only annual U.S. ministerial with Sub-Saharan Africa. As such, it is an opportunity for the United States and African nations to have a dialogue on all the issues that contribute to long-term development and growth, including good governance and sound economic policies. In this time of economic crisis, it is important that the United States and Africa work cooperatively, as a major trading partner, to protect economic growth, advances made, and to lessen the negative impact of market fluctuations.

Following support received from USAID COMPETE and Trade Mark East Africa (TMEA), ACTIF Board members actively participated in the AGOA forum held in Zambia. ACTIF secured a booth at the conference and also distributed petitions on behalf of its members to key delegates from the US government who were in attendance at the forum.

Some of the key participants promised to support ACTIFs call for the extension of 3rd Country fabric and also indicated their support towards the future sustainability of AGOA.

7. ACTIF Board meeting in Zambia

ACTIF held its second board during the AGOA forum in Zambia on 7th June 2011. During the meeting, several key issues were discussed including:

1. The future sustainability of ACTIF and how it is progressing to become independent and be able to run on its own without the support of donor funding. The presented a sustainability plan that had been developed and already being implemented since April 2011. With the support of USAID-COMPETE, ACTIF has been able to initiate the plan and develop activities such as:-
 - A. Enhancing the cottonafrica.com web portal to offer more value for members and also to develop new membership as well as enhance information exchange.
 - B. Development of a Quarterly CTA magazine to share information across the industry and also generate revenue for ACTIF. The first issue is expected to be release by July 2011.

- This activity once fully developed is expected to generate over US\$30,000 every year within the first 2-3 years of launching the magazine.
- C. Develop reports and sell them from our web portal and again generate revenue to ACTIF. Initially the country reports being developed would be placed on the web to sell at US\$20 for each country or for all 5 countries at US\$50. (This are projections and we hope to have them available for sale form July).
 - D. Develop value in Origin Africa and generate revenue for sustainability of ACTIF although we need to work on the Concept with COMPETE and review what would be the income from the Go To event, we do expect that it could be a major income generator to ACTIF if the components of OA support from fiber to fashion.
2. Review of new initiatives that ACTIF had developed with other funding partners like TMEA/AAACP/ DANIDA which would assist in also building some revenue stream for managing these projects and hopefully may generate over US\$30,000 revenue in 2011.
 3. The board advised on the need to hold an annual AGM that is tied and Peggy backed with one of the ACTIF members meetings possibly in July or August 2011, in accordance with ACTIF's Articles and Memorandum of Association and Kenya's companies act.
 4. Board enquired from the secretariat if ACTIF was working toward the Business Plan after validating the strategy. Rajeev advised that we have been promised funding by BAF-DANIDA and were told to approach in July, Barry suggested in case there is a delay maybe we should request COMPETE to assist, but try to finish the business plan as soon as possible.
 5. On the issue of unpaid membership subscriptions for year 2011, the board advised to approach them and keep pushing them but at this time we need all countries CTA value chain federation to be members and in some countries were CTA value chain has shrunk and have only 1 or 2 companies we can give them some benefit of not asking subs until they are able to pay.
 6. Board asked secretariat to push the initiative for developing a common position for the ROO for its members in the CTA value chain and to be presented for tripartite meetings as private sector input.
 7. Board also approved the audited accounts for the years 2009-2010.
 8. The chairman updated the board on the Advocacy mission to US and continuity of the advocacy for getting 3rd country fabric extended until the expiry of AGOA.
 9. Secretariat advised the board that the letting agent Dunhill have agreed and allowed ACTIF to move from the exiting premises in Hevea Park costing over \$2400 a month. By shifting alone ACTIF would be saving over \$1200 per month or over \$14,400 every year.

8. Cotton Price Risk Management Training in Mombasa

In response to a growing demand for strengthened capacity in price risk management for the cotton industry, the World Bank's Agricultural Risk Management Team (ARMT) working in collaboration with the International Cotton Advisory Committee (ICAC) held a price risk management training to the East African cotton sector on 6th – 9th June 2011 in Mombasa, Kenya.

The Sarova White Sands beach Hotel in the Northern Coastal Area of Kenya, was selected as the venue for the Cotton Price Risk Management course, funded by the European Union's All African, Caribbean and Pacific Agricultural Commodities Programme (AAACP).

A total of 54 participants from a number of African cotton producing countries including Kenya, Malawi, Mozambique, Sudan, Tanzania, Uganda, Zambia and Zimbabwe, attended the three-day intensive training course.



**WORLD BANK COTTON PRICE RISK MANAGEMENT TRAINING
6th - 9th JUNE 2011 @ WHITESANDS HOTEL MOMBASA KENYA.**

ICAC provides a unique platform for training on Cotton Price Risk Management in East Africa because it already works in partnership with the African Cotton Association (ACA), members of the industry, local development organizations, and representatives of national governments.

The training program brought together representatives of farmer organizations, cotton cooperatives, cotton exporters, and other cotton sector stakeholders from across East Africa.

"ICAC believes that partnerships like this one increase the impact and benefits to cotton farmers, their families, and their communities. We are pleased to be cooperating with the World Bank on this initiative," said Terry P Townsend, Executive Director of the International Cotton Advisory Committee.

The course aims to help participants better understand and quantify price risk and acquire the knowledge and tools required to better manage the effects of volatile prices.

It is designed to educate cotton market participants (traders, cooperatives, exporters and other relevant institutions) about the risk of unmanaged price exposure and the means for managing such exposure.

Among the modules covered included: introduction to Risk Management; Risk assessment; Different approaches for managing Risk; Physical Risk Management; Financial Risk Management & Introduction to Options. The participants found the course to be very interactive especially the group discussions that were held to analyze practical situations and make decisions based on different price Risk Management strategies.

The course came in very handy especially in the face of the recent volatility in world cotton prices which highlighted the need for Price risk management strategies that for the benefit of those involved in the cotton trade. Among the key lessons from the conference was that price risk management tools are very important to those involved in the cotton trade. However, what is more important is how and when they are used. If they are used at the wrong time and in the wrong way, they could as well work to the disadvantage of the cotton trader.

9. Pan African Cotton Meeting in Benin

The Pan-African Cotton Meeting 2011 was a high level multi-stakeholder conference that took place at the *Centre International de Conférences*, in Cotonou, Benin from the 27 to 29 June 2011. The meeting was initiated by the United Nations Conference for Trade and Development (UNCTAD), the Common Fund for Commodities (CFC), the Secretariat of the African, Caribbean and Pacific Group of States (ACP) and the *Comité d'orientation et de suivi-coton* (COS-coton) of the EU-Africa Partnership on cotton. It was implemented in collaboration with the Comprehensive Africa Agriculture Development Programme (CAADP) of the NEPAD Agency, African Cotton & Textile Industries Federation (ACTIF) and the Government of Benin.

The Pan African Meeting on Cotton was a response to the request made by the African cotton producing countries during the Multi-stakeholder Meeting on Cotton that was organized by UNCTAD's Secretary-General in Geneva on 2 December 2008. The participants of that meeting, including six African ministers of trade, solicited UNCTAD to organize a multi-stakeholder gathering to discuss the challenges for African states dependent on cotton exports. UNCTAD, in

consultation with a variety of stakeholders, thus proposed to hold a pan-African meeting with a focus on identifying solutions for the cotton sector at a pan-African level.

The specific objective of the meeting was to define the broad lines of a Road Map for the African cotton sector for the next 10 years on the following themes: (i) increasing productivity, (ii) improving marketing and (iii) increasing value addition.

The main output of the meeting will be a document that highlights the broad outlines of a Road Map for the African cotton sector for the next 10 years. This document will reflect the consensus established at the meeting, and also highlight areas on which consensus was not found. The roadmap will clearly identify the short and medium term actions to be undertaken by the key actors of the public and private sectors, and the donor community. Particular emphasis will be placed on policies and measures to be taken at national, regional and pan African levels. The meeting will seek to produce a pragmatic policy package that will make a difference in the lives of those engaged in the cotton sector on the continent by feeding into programs implemented at the country level.

The meeting was part of a larger dynamic to strengthen the African cotton value-chains, including the regional and national investment plans formulated under the CAADP Framework, the regional cotton sector strategies formulated as part of the AAACP, and the activities of the EU-Africa Partnership on cotton. By bringing the key stakeholders together at a pan-African level the meeting serves to strengthen synergies between these initiatives.

ACTIF was able to secure 2 key support from the Center for the Development of Enterprise worth 29,300 Euro to facilitate ACTIF members to participate in the high level meeting.

ACTIF was also able to secure 2 key slots in the programme to deliver presentations at the forum on '***The role of the cotton sector in the socio-economic development of Africa***' by Mr. Jaswinder Bedi, ACTIF Chairman & '***key constraints facing the private sector in moving up the value chain***' by Mr. Rajeev Arora, ED

5.0 Funding Summary (\$'s rounded)

Approved Grant	US\$ 274, 000.00
Amount spent	Usd 110,023.29
Balance unspent	Usd 163,976.71

6.0 Deliverables (those in document format)

1. Minutes of the CTA Conference meeting
2. CTA Magazine concept
3. Interim report on AGOA Advocacy mission in US
4. ACTIF petition on AGOA
5. Supply Side Analysis Kick Off presentation
6. ACTIF Newsletter for April 2011

~ End of Report ~